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This Practice Brief is the ninth in a periodic series published by the National Center on Afterschool and Summer Enrichment (NCASE) to build awareness of promising practices in the field of school-age child care.

The goal of NCASE is to ensure that school-age children in families of low income have increased access to quality afterschool and summer learning experiences that contribute to their overall development and academic achievement. For more information, contact us at ncase@ecetta.info.



School-Age Child Care Surveys and Rate Setting

Once young children reach school age, parents often think the challenge of finding quality child care is behind them. However, many working parents come to realize that finding quality child care for their school-age children can be just as challenging, if not more so. Child care providers also face unique challenges in staffing a program that meets the demand for affordable school-age child care slots. This brief explores the ways that Child Care and Development Fund (CCDF) Lead Agencies can play a significant role in mitigating the challenges for low-income working parents who need school-age child care.

Families' Needs for School-Age Child Care

When children enter kindergarten, many leave behind the full-day, year-round child care their parents may have arranged for them during their early years. Parents then scramble to find child care that meets

their work schedule, including summertime child care. School calendars include snow days, teacher in-service days, week-long vacations, summer breaks, and holidays, all of which make it difficult for parents to balance work schedules and child care needs. Nearly half of low-income workers do not have input into their own schedules, often working variable hours and needing

flexible child care.¹ Quality child care gives parents peace of mind and enables them to remain in the workforce. Moreover, it can support children's in-school learning and engagement, improve academic achievement and behavior, reduce school absences, provide enrichment opportunities, and support positive health-related behaviors and social-emotional competencies.^{2,3}

Most school-age children need part-time care when school is in session, yet it can be difficult for child care providers to staff a program with part-time employees. Providers need to balance the prices they charge for part-time child care with the costs they incur for hiring staff and covering other operating costs. This dilemma can lead to prices that are too high for low-income families and yield an inadequate supply of school-age child care slots.

To ease the burden on low-income working parents and child care providers, Lead Agencies can build the supply of quality child care by establishing payment rates that better reflect the cost of providing school-age care. Setting payment rates at the 75th percentile of the state's most recent market rate survey promotes equal access to child care services. Further, setting rates at this level, along with simplifying rate structures, creates incentives for providers to serve school-age children who are eligible for child care subsidies.

Market Rate and Cost Studies

A key provision of the CCDF Final Rule requires Lead Agencies to set child care payment rates at a level to ensure parents eligible to receive child care subsidies have equal access to services that are comparable to the services provided to families who

are not eligible to receive CCDF assistance or child care assistance under any other federal, state, or tribal programs.⁴ At least every three years, and within two years of the date of submission of the triennial CCDF plan, Lead Agencies must conduct a market rate survey of the prices that child care providers charge parents in the open market, or they may pursue an alternative methodology, such as a comprehensive, statistically valid and reliable cost study and use that data to set child care subsidy rates.

Data from these studies guide states in setting rates that support equal access. Lead Agencies must certify that payment rates are sufficient to ensure equal access by providing a summary of eight facts in their CCDF Plan submissions.⁵ In addition, Lead Agencies must evaluate the costs, through a narrow cost analysis, associated with providing base-level care that meets the health, safety, staffing, and quality requirements of the CCDF Rule. Then they must demonstrate how they took the cost of "higher quality" into account when establishing payment rates at each level of higher quality as defined by the Lead Agency.

For more information on how to conduct market rate and cost studies, see: <https://childcareta.acf.hhs.gov/equal-access-and-market-rate-surveys>

In preparation for this brief, the National Center on Afterschool and Summer Enrichment (NCASE) reviewed all the publicly available state market rate survey reports used as part of the 2019-2021 CCDF Plan reports. An analysis showed wide variation in the level of detail that Lead Agencies gathered about school-age child care prices.

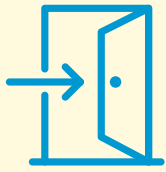
1 Jones, J. (2017, June 20). Working people deserve schedules that work [Blog]. Retrieved from <https://www.epi.org/blog/working-people-deserve-schedules-that-work/>

2 Afterschool Alliance. (2014). America after 3 PM. Retrieved from <http://afterschoolalliance.org/documents/AA3PM-2014/National-AA3PM-2014-Fact-Sheet.pdf>

3 Neild, R. C., Wilson, S. J., & McClanahan, W. (2019). Afterschool programs: A review of evidence under Every Student Succeeds Act. Philadelphia, PA: Research for Action.

4 Child Care and Development Fund Program, 45 C.F.R. Part 98. Retrieved from <https://www.govinfo.gov/content/pkg/FR-2016-09-30/pdf/2016-22986.pdf>

5 Child Care and Development Fund Program, 45 C.F.R. Part 98. Retrieved from <https://www.govinfo.gov/content/pkg/FR-2016-09-30/pdf/2016-22986.pdf>



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Considerations of the School-Age Child Care Market

One of the first steps in conducting a market rate survey on school-age child care prices is to consider characteristics of the state's school-age child care market as they relate to base-level care. For example, the need for school-age child care is impacted by public school policy decisions, such as the age at which a child is eligible for public school enrollment, length of the school year, and hours of operation. Child care licensing regulations set different staffing ratios for preschool and school-age groups, which affect the cost of care for providers and often the prices they charge parents.

Once price and cost data are collected, Lead Agencies must determine how to establish a rate structure that accomplishes the following:

- » Recognizes providers' fixed costs associated with meeting the health, safety, staffing, and quality requirements of the CCDF Final Rule
- » Reduces state and provider administrative burdens
- » Ensures that rates respond to parents' needs for flexible care

State Lead Agencies may find themselves with questions about the different methods and prices providers charge for school-age care, how to set their rate structure, and how to estimate providers' costs in offering school-age care. These are just some examples of questions and considerations that must be made in setting school-age rates that promote equal access.

Key Questions for Setting School-Age Rates

The following are some additional questions for Lead Agencies to consider when setting school-age rates.

» **How is *school age* defined for the purpose of setting payment rates?**

A review of the 2019-2021 CCDF Plans found that most Lead Agencies define school-age care as starting at age five. Others define school-age care as starting at age 6, and a handful define it as starting at age 4. Some states require the child to be both a certain age and enrolled in public school. Other Lead Agencies simply define school age as children who are enrolled in school.

Payment rate structures also vary widely. For example, some states have higher reimbursement rates for kindergarteners during the school year compared to older school-age children. This may be because children enrolled in part-day kindergarten need more hours of child care than children who attend school full-day.

For the purposes of setting child care payment rates for school-age care, an important factor in defining school-age care is whether the child attends a full day of school, likely reducing the number of hours a child may need to be in child care. Whether a child is enrolled in school full day is perhaps a better way to define school age for the purpose of setting subsidy payment rates.

» **How is the cost of school-age child care estimated?**

As noted above, states must conduct a narrow cost analysis. Specifically, Lead Agencies must demonstrate how base-level child care rates are sufficient to enable child care providers to meet the health, safety, staffing, and quality requirements of the CCDF Rule (base-level care). They must also demonstrate how they took the cost of “higher quality” into account when establishing payment rates at each level of higher quality as defined by the Lead Agency. The analysis of the gaps between these costs and the subsidy rates is considered a narrow cost analysis.

States have the flexibility to determine the approach and method for the narrow cost analysis. Depending on the rigor of the analysis, states then determine the weight to assign to these results in the rate setting process. States may want to use the same method of estimating costs for all ages of children, or they may find it more informative to use a different method for school-age care. Some states may decide to use data from existing information and make a simple estimation of costs using a spreadsheet. Others may decide to conduct a limited cost survey or develop a cost model using an instrument such as the Provider Cost of Quality Calculator,⁶ found on the Office of Child Care’s website. Alternatively, the Wallace Foundation developed a tool designed specifically for estimating the cost of school-age child care. The Wallace Cost Calculator⁷ was designed for school-age programs to determine their costs, but it may be useful to states in estimating costs of care, particularly if used in conjunction with school-age stakeholders.

» **Is there a need to define full- and part-time hours for school-age children during the school year as compared to the summer?**

While many states simply define full-time and part-time care for all ages the same way, some states define full time and part time differently for school-age children during the school year. For instance, some states define full-time care for children of all ages as five or more hours per day. Less than five hours per day is considered part time. Other states define full time and part time in weekly increments with full-time care starting at 25 or more hours per week. In its 2019-2021 CCDF Plan, Indiana defined full-time care for school-age children throughout the school year as 10 or more hours per week and part-time care as fewer than 10 hours per week.⁸ This may better reflect what providers charge. In the summer, Indiana’s definition changes to match that for all children—full-time care is 25 hours or more per week, and part-time care is fewer than 25 hours per week.

A different approach could be to use the part-time definition for all ages of children, including school age, during the school year and pay the same part-time rate for school-age care during the school year as paid in the summer. This would simplify a state’s rate structure and reduce the administrative burden of tracking school calendars. With this practice, the state may find that if it sets part-time rates based on 25 hours a week, for instance, it might pay providers more per hour than it does for non-school-age children. However, this reduces administrative burdens, supports providers’ fixed costs of operating their programs, and provides flexibility

⁶ Early Childhood Training and Technical Assistance System. (n.d.) Provider cost of quality calculator. Retrieved from <https://childcareta.acf.hhs.gov/pqgc>

⁷ Wallace Foundation. (n.d.) Wallace cost calculator. Retrieved from <https://www.wallacefoundation.org/cost-of-quality/pages/default.aspx>

⁸ Indiana Family and Social Services Administration, Office of Early Childhood and Out of School Learning. (2018). *Market rate survey report*. Retrieved from https://www.in.gov/fssa/files/MR_Report_Indiana_2018.pdf

for parents to use up to 25 hours of care. Further, setting rates based on part-time care, regardless of the hours that a child might attend, supports stability of funding to the provider and encourages more providers to serve children receiving CCDF funds. Note that unless a Lead Agency demonstrates that the generally accepted practice of child care providers is to charge parents an hourly rate, states are prohibited from paying providers on an hourly basis.⁹

» **What are some ways to gather data from providers about their school-age prices through a market rate survey?**

In its market rate survey, Massachusetts asked questions about providers' start and end times and the prices charged for before-school, afterschool, and full-day care. By asking for full-day hours and rates, it allows the state to set full-time rates at the same level for school vacation periods.¹⁰

South Dakota asked very detailed questions about the different levels of school-age child care offered by providers. The survey asked providers for prices for a range of care needs that reflected the complexity of school policies, such as districts that operate on four-day-week schedules. The survey asked providers for the rates they charge for care before school, after school, and both before and after school. It also asked about rates for full-day care for school holidays, in-service days, and summer-time care. In addition, the survey asked providers to report the average number of hours per week that children are present during each time slot. When setting

its rates, South Dakota set them on an hourly basis, reporting in their plan that this is the generally accepted practice for school-age providers. Before-school, afterschool, and before-and-afterschool rates were divided by the overall average hours estimated for those time slots to determine an hourly rate.¹¹

In its market rate survey, North Carolina asked providers for the number of full-time school-age children enrolled during the month of July and the rate charged for that month, giving providers the option of selecting the mode—daily, weekly or monthly. The state also asked providers to report if they had school-age children enrolled in child care during the school year when school is closed for teacher workdays, vacation weeks, holidays, etc., and what price was charged private-paying parents for this care. This data yielded a better understanding of the demand for full-time school-age care throughout the year.¹²

Several states, including South Dakota, included specific questionnaires for school-age programs and the school-age workforce. This data provided a more comprehensive picture of the needs for school-age care; the types of programming offered in school-age programs; and key information on the workforce, such as staff qualifications and credentials.

» **Can the rate structure be simplified by combining before-school and afterschool care into a single part-time payment rate?**

Some Lead Agencies have three different payment rates for before-school

9 Child Care and Development Fund Program, 45 CFR Part 98, page 67518. Retrieved from <https://www.govinfo.gov/content/pkg/FR-2016-09-30/pdf/2016-22986.pdf>

10 Commonwealth of Massachusetts. (2018). *2018 Child care market rate survey: Final report*. Retrieved from https://www.childcarecircuit.org/uploaded/CCC/MA_EEC_2018_Child_Care_Market_Rate_Survey_Final_Report.pdf

11 South Dakota Department of Social Services, Division of Child Care Services. (2017, May). *South Dakota child care workforce and market rate report*. Retrieved from https://dss.sd.gov/docs/childcare/2017_report.pdf

12 North Carolina State University, Center for Urban Affairs and Community Services. (2018, June). *North Carolina child care market rate study: Final report*. Retrieved from https://ncchildcare.ncdhhs.gov/Portals/0/documents/pdf/FINAL_Child_Care_Market_Rate_Study_REPORT082718.pdf?ver=2018-08-28-084340-920

care, afterschool care, and both before-school and afterschool care. An easier approach would be setting one part-time rate (not based on hours of care) that encompasses care for before-school, afterschool, or before-school and afterschool care. By setting different rates for before-school care compared to afterschool, states may actually be setting rates based on hours of service, a practice that is prohibited in the CCDF Final Rule unless the state demonstrates that this is the generally accepted practice of most providers.¹³

Other state programs reimburse providers on a part-time basis when a child is in care for fewer than five hours per day. Complex rate structures can lead to a higher number of improper payments. In addition, these rates are more difficult for parents and providers to understand and can increase the number of

payment adjustments the Lead Agency needs to process when children require additional hours of care due to late pick-up times, illness, or unexpected changes in parent work hours.

» **What other types of programs that provide school-age child care should be surveyed besides licensed child care centers and family homes?**

Recreational programs operated by a library, Boys and Girls Clubs, faith-based organizations, scouting, summer camp, community youth programs, 21st Century Community Learning Centers, or other programs may provide school-age care in the state. Lead Agencies should consider including them in the market rate survey if these programs set their own prices, provide care to private-paying families, and are eligible to receive CCDF subsidies.

Conclusion

Working parents' needs for school-age child care vary much more than they do for younger children due to the challenges of balancing work schedules with school schedules. States benefit from taking a broader view of rate setting for school-age care and setting rates that respond to parents' needs for flexible care, providers' needs for fair payments, and the states' needs for reducing administrative burdens. By striking an appropriate balance, states can build the supply of school-age care and improve access to higher quality.



¹³ Child Care and Development Fund Program, 45 CFR Part 98, page 67518. Retrieved from <https://www.govinfo.gov/content/pkg/FR-2016-09-30/pdf/2016-22986.pdf>

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